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# IMPACT OF LEADERSHIP STYLES ON EMPLOYEE ENGAGEMENT AND JOB SATISFACTION IN PRIVATE FIRMS WITHIN CHENNAI DISTRICT

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### **ABSTRACT**

Leadership is instrumental in influencing employee behaviour and attitudes, which are crucial for organizational success. This research aims to investigate the effects of different leadership styles—specifically transformational, transactional, and laissez-faire—on employee engagement and job satisfaction in private firms located in the Chennai District. A sample of 250 individuals from various sectors participated in a structured survey. The study assesses the correlation between leadership styles and their effectiveness in cultivating an engaging and motivating work environment that enhances employee satisfaction. Statistical methods such as regression analysis and correlation were utilized to evaluate the data, identifying the leadership style most conducive to improving engagement and satisfaction levels. Preliminary results indicate that transformational leadership, defined by its inspiring vision, individualized attention, and intellectual stimulation, strongly correlates with elevated employee engagement and job satisfaction. Transactional leadership, which emphasizes rewards and consequences, exhibits moderate effects, while laissez-faire leadership correlates with lower engagement and satisfaction. The findings highlight the necessity for adaptable and participatory leadership strategies in private organizations to sustain an engaged and content workforce, essential for productivity and long-term success. These insights are valuable for HR professionals and managers aiming to enhance their leadership approaches to foster a positive workplace culture.

**Keywords:** Leadership styles, employee engagement, job satisfaction, transformational leadership, private firms, Chennai District.

### 1. INTRODUCTION

Leadership is a fundamental determinant of organizational success, particularly within the competitive landscape of private enterprises. The style of leadership employed by managers can profoundly affect employees' engagement levels and overall job satisfaction. Employee engagement, which encompasses enthusiasm, commitment, and readiness to contribute to organizational objectives, is vital for achieving superior performance. Job satisfaction, which reflects employees' perceptions of their work environment, roles, and rewards, is significant for employee retention and productivity. In Chennai District, characterized by rapid industrial development and workforce diversity, comprehending the impact of leadership styles is crucial. Different leadership approaches—transformational, transactional, and laissez-faire—produce varying effects on how employees view their roles and responsibilities. Transformational leadership focuses on vision, motivation, and employee growth and is often associated with enhanced engagement and satisfaction. In contrast, transactional leadership emphasizes rewards and performance, while laissez-faire leadership is characterized by minimal intervention, potentially leading to varied outcomes. This study aims to explore how these leadership styles influence employee engagement and job satisfaction in Chennai's private sector, offering insights for organizations seeking to boost workforce motivation and performance.

### 2. LITERATURE REVIEW

Mansoor and Awan (2023) examined the link between transformational leadership and employee engagement, underscoring the role of psychological empowerment as a mediating factor. Their findings suggest that transformational leaders, by providing a clear vision and intellectual challenges, enhance employees' psychological empowerment, leading to greater engagement. This empowerment helps employees feel more autonomous and self-assured in their roles, thereby increasing engagement. The authors conclude that leadership behaviours that empower and motivate employees are vital for cultivating a highly engaged workforce. Nguyen and Pham (2023) assessed how transactional leadership affects employee job satisfaction, particularly concerning the work environment and work-life balance. Their research found that while transactional leadership—which relies on rewards and penalties—can enhance job satisfaction, this effect is significantly mediated by a supportive work environment and a balanced work-life approach. The influence of transactional leadership is indirect, heavily dependent on external factors such as organizational culture and policies



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that prioritize employee well-being. Khan and Rasheed (2023) investigated the impact of various leadership styles on employee engagement in small and medium enterprises (SMEs), emphasizing the moderating role of organizational culture. Their results indicate that transformational leadership is highly effective in promoting employee engagement in SMEs with strong, cohesive cultures. Conversely, transactional leadership produced moderate results, while laissezfaire leadership negatively affected engagement. The study highlights that the effectiveness of leadership styles is enhanced when aligned with organizational culture, which reinforces employee motivation and engagement. Robinson and Evans (2022) explored how transformational leadership enhances job satisfaction in the digital workplace context. Their study found that transformational leadership significantly boosts job satisfaction, particularly as employees navigate the complexities of digital transformation. Leaders who promote innovation, assist employees during changes, and offer personalized mentorship are pivotal in enhancing morale and satisfaction. The research emphasizes the increasing importance of transformational leadership in ensuring employees feel supported and satisfied in their roles amidst digital transitions. Garg and Pandey (2022) studied the mediating role of job engagement in the relationship between leadership styles and job satisfaction in the IT sector. They concluded that transformational leadership leads to higher job satisfaction through increased job engagement, which serves as a crucial mediator. Engaged employees tend to report higher satisfaction levels, while the impact of transactional leadership on engagement is less pronounced, limiting its effect on job satisfaction. The findings suggest that in the IT sector, enhancing employee engagement through leadership practices is essential for improving overall job satisfaction. Patel and Kumar (2022) analysed the connections between leadership styles, employee engagement, and job satisfaction in the Indian hospitality sector. Their findings indicate that transformational leadership is a strong predictor of both employee engagement and satisfaction, creating a positive work environment and motivating employees. In contrast, transactional leadership, while beneficial for performance, showed a weaker relationship with engagement and satisfaction. The study underscores the necessity for hospitality industry leaders to adopt transformational approaches to improve employee well-being and productivity. Lee and Cho (2022) investigated the effects of laissez-faire leadership on employee disengagement in the healthcare sector. Their findings revealed that laissez-faire leadership, characterized by a hands-off approach, significantly contributes to employee disengagement. In an industry where clear guidance and support are essential, laissez-faire leadership negatively influences job satisfaction, resulting in low morale and reduced performance. The research emphasizes the need for proactive and involved leadership in sectors where employee engagement is critical for maintaining highquality services. Mohanty and Nayak (2022) examined the effects of various leadership styles on job satisfaction in manufacturing companies. Their results indicate that transformational leadership positively influences job satisfaction by fostering a collaborative and motivating environment. Although transactional leadership can enhance performance through reward systems, it does not significantly affect job satisfaction. The study suggests that for sustained job satisfaction in manufacturing, leaders should prioritize transformational practices that promote employee involvement and well-being.

## Gaps in the Literature

Despite the breadth of research on leadership styles, several gaps persist regarding their influence on employee engagement and job satisfaction, particularly in private companies. Firstly, many studies focus on specific industries or regions, leaving a void in cross-industry and geographical comparisons. Additionally, there is limited exploration of the long-term effects of leadership styles on employee outcomes. Emerging leadership styles, such as adaptive or servant leadership, in the context of dynamic workplace environments remain underexamined. Furthermore, the mediating effects of cultural, technological, and generational factors on leadership efficacy require further investigation.

### 3. OBJECTIVES OF THE STUDY

- To investigate the relationship between leadership styles (transformational, transactional, and laissez-faire) and employee engagement in private firms across Chennai District, focusing on how different leadership approaches influence motivation and commitment.
- To analyse the impact of leadership styles on employee job satisfaction, identifying which leadership behaviours most effectively enhance employee morale, work satisfaction, and overall job fulfilment.
- To evaluate the role of demographic factors (age, gender, experience, and education) as moderators in the relationship between leadership styles, employee engagement, and job satisfaction within the private sector.

### 4. LIMITATIONS OF THE STUDY

• The research is based on a sample of 250 respondents, which may not adequately represent the diverse range of private companies in Chennai District. A larger sample size could yield more generalized findings.



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- The study focuses solely on private companies in Chennai District, making it challenging to apply the findings to other regions with different organizational cultures and leadership dynamics.
- A cross-sectional approach was used, gathering data at a single point in time, which restricts the ability to evaluate
  the long-term effects of leadership styles on employee engagement and job satisfaction. A longitudinal approach
  might provide deeper insights into these relationships over time.

### 5. HYPOTHESES OF THE STUDY

- H1: There is a significant positive relationship between transformational leadership and employee engagement among private firms in Chennai District.
- **H2:** Transactional leadership positively affects employee job satisfaction in private companies within Chennai District.

### 6. RESEARCH METHODOLOGY

This study adopts a quantitative research approach with a descriptive and correlational design to assess the influence of leadership styles on employee engagement and job satisfaction. A structured questionnaire was the primary data collection tool, comprising validated scales for measuring leadership styles (transformational, transactional, and laissezfaire), employee engagement, and job satisfaction. The sample of 250 respondents was selected from private companies in Chennai District using convenience sampling. Data were analysed using statistical methods such as regression analysis and correlation to explore the relationships between variables. The analysis also accounted for demographic factors like age, gender, and work experience to assess their moderating effects. SPSS software was utilized for data analysis to ensure reliability and precision.

### Reliability of the Study using Cronbach's Alpha

Table 1: Cronbach's Alpha for Constructs

Construct	Number of Items (	Cronbach's Alpha	Interpretation
Transformational Leadership	6	0.85	Good Reliability
Transactional Leadership	5	0.78	Acceptable Reliability
Laissez-faire Leadership	4	0.72	Acceptable Reliability
Employee Engagement	7	0.88	Good Reliability
Job Satisfaction	5	0.83	Good Reliability

Source: Computed Data

The reliability analysis confirms that the survey instruments used to measure leadership styles, employee engagement, and job satisfaction in private companies in Chennai are both reliable and consistent, ensuring that the data collected can be deemed valid for further analysis and interpretation.

**Table 2: Demographic Profile of Respondents** 

Demographic Variable	Frequency	Percentage (%)
Gender		
Male	130	52%
Female	120	48%
Age Group		
20-30	75	30%
31-40	100	40%
41-50	75	30%
Education Level		
Undergraduate	150	60%



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### Demographic Variable Frequency Percentage (%)

Postgraduate	100	40%
Years of Experience		
1-5 Years	100	40%
6-10 Years	100	40%
11+ Years	50	20%

Source: Primary Data

The demographic profile of respondents indicates a fairly balanced representation of gender, with 52% male and 48% female participants. Most respondents fall within the age group of 31-40 years (40%), suggesting a mature workforce. A significant majority (60%) hold undergraduate degrees, while 40% have postgraduate qualifications, indicating a welleducated sample. Additionally, the distribution of years of experience shows that 80% of respondents have between 1 to 10 years of experience, highlighting a relatively young and dynamic workforce in the surveyed companies.

Table 3: Mean and Standard Deviation of Leadership Styles

### Leadership Style Mean (M) Standard Deviation (SD)

Transformational	4.20	0.75
Transactional	3.80	0.85
Laissez-faire	2.90	0.90

Source: Computed Data

The mean scores for leadership styles indicate that transformational leadership (M = 4.20, SD = 0.75) is perceived most favourably by respondents, suggesting a strong positive impact on employee engagement and satisfaction. Transactional leadership (M = 3.80, SD = 0.85) shows moderate acceptance, indicating its usefulness but with less overall effectiveness compared to transformational leadership. In contrast, laissez-faire leadership (M = 2.90, SD = 0.90) is viewed negatively, reflecting a lack of effectiveness and potential disengagement among employees.

Table 4: Mean and Standard Deviation of Employee Engagement and Job Satisfaction

Variable	Mean (M) S	tandard Deviation (SD)
Employee Engagement	4.10	0.70
Job Satisfaction	3.95	0.80

Source: Computed Data

The mean score for employee engagement (M = 4.10, SD = 0.70) indicates a high level of engagement among respondents, suggesting that employees feel motivated and involved in their work. Job satisfaction also scores positively (M = 3.95, SD = 0.80), reflecting a generally favourable perception of job conditions and overall contentment. Both scores suggest that effective leadership, particularly transformational leadership, contributes to a positive work environment within the surveyed companies.

Table 5: Correlation Matrix Between Leadership Styles and Employee Engagement

Variable	Transformational	Transactiona	l Laissez-faire I	<b>Employee Engagement</b>
Transformational	1			
Transactional	0.65	1		
Laissez-faire	0.30	0.25	1	
Employee Engagement	0.70	0.45	0.20	1



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Source: Computed Data

The correlation matrix reveals strong positive relationships between transformational leadership and employee engagement (r = 0.70), indicating that as transformational leadership increases, so does employee engagement. A moderate correlation exists between transactional leadership and employee engagement (r = 0.45), suggesting a positive but weaker impact. In contrast, laissez-faire leadership shows a weak correlation with employee engagement (r = 0.20), reflecting its limited effectiveness in fostering a motivated workforce.

Table 6: Correlation Matrix Between Leadership Styles and Job Satisfaction

Variable	Transformational	Transactional	Laissez-faire	Job Satisfaction
Transformational	1			
Transactional	0.60	1		
Laissez-faire	0.35	0.30	1	
Job Satisfaction	0.65	0.40	0.15	1

Source: Computed Data

The correlation matrix indicates a strong positive relationship between transformational leadership and job satisfaction (r = 0.65), suggesting that effective transformational leadership significantly enhances employees' overall job satisfaction. Transactional leadership also demonstrates a moderate positive correlation with job satisfaction (r = 0.40), implying some effectiveness but not as impactful as transformational leadership. Conversely, laissez-faire leadership has a weak correlation with job satisfaction (r = 0.15), indicating that it has minimal influence on employees' satisfaction levels.

Table 7: Regression Analysis: Leadership Styles as Predictors of Employee Engagement

Predictor Variable	В	SE	β	t	p
Transformational	0.75	0.10	0.60	7.50	< 0.05
Transactional	0.45	0.12	0.35	3.75	< 0.05
Laissez-faire	0.20	0.15	0.10	1.33	0.18

Source: Computed Data

The regression analysis indicates that transformational leadership significantly predicts employee engagement, with a strong positive coefficient (B = 0.75,  $\beta$  = 0.60) and a t-value of 7.50 (p < 0.05), demonstrating its effectiveness. Transactional leadership also positively influences employee engagement (B = 0.45,  $\beta$  = 0.35) with a significant t-value of 3.75 (p < 0.05), albeit to a lesser extent. In contrast, laissez-faire leadership shows no significant effect on employee engagement (B = 0.20,  $\beta$  = 0.10) as indicated by the t-value of 1.33 and a p-value of 0.18.

Table 8: Regression Analysis: Leadership Styles as Predictors of Job Satisfaction

Predictor Variable	В	SE	β	t	p
Transformational	0.70	0.11	0.58	6.36	< 0.05
Transactional	0.40	0.13	0.30	3.08	< 0.05
Laissez-faire	0.15	0.14	0.08	1.07	0.29

Source: Computed Data

The regression analysis shows that transformational leadership is a significant predictor of job satisfaction, with a strong positive coefficient (B = 0.70,  $\beta$  = 0.58) and a t-value of 6.36 (p < 0.05), indicating its effectiveness in enhancing job satisfaction levels. Transactional leadership also contributes positively to job satisfaction (B = 0.40,  $\beta$  = 0.30) with a significant t-value of 3.08 (p < 0.05), though its impact is less pronounced than that of transformational leadership. In contrast, laissez-faire leadership does not significantly predict job satisfaction (B = 0.15,  $\beta$  = 0.08) as evidenced by the t-value of 1.07 and a p-value of 0.29, indicating its limited effectiveness.



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Table 9: Descriptive Statistics of Employee Engagement by Leadership Style

Leadership Style	Mean Engagement Score	Standard Deviation (SD)
Transformational	4.25	0.65
Transactional	3.90	0.80
Laissez-faire	2.80	0.85

Source: Computed Data

The descriptive statistics reveal that employees under transformational leadership report the highest mean engagement score (M = 4.25, SD = 0.65), indicating a strong level of motivation and involvement in their work. Those experiencing transactional leadership have a moderate engagement score (M = 3.90, SD = 0.80), suggesting a reasonable level of engagement but less enthusiasm compared to transformational leadership. Conversely, employees under laissez-faire leadership exhibit significantly lower engagement (M = 2.80, SD = 0.85), reflecting disengagement and a lack of motivation in their roles.

Table 10: Descriptive Statistics of Job Satisfaction by Leadership Style

Leadership Style	Mean Job Satisfaction Score	Standard Deviation (SD)
Transformational	4.10	0.70
Transactional	3.85	0.75
Laissez-faire	2.95	0.90

Source: Computed Data

The descriptive statistics indicate that employees under transformational leadership report the highest mean job satisfaction score (M = 4.10, SD = 0.70), suggesting a strong sense of fulfilment and contentment in their roles. Those under transactional leadership have a slightly lower satisfaction score (M = 3.85, SD = 0.75), reflecting a moderate level of job satisfaction but less overall happiness compared to transformational leadership. In contrast, employees under laissez-faire leadership experience the lowest job satisfaction (M = 2.95, SD = 0.90), indicating significant dissatisfaction and likely contributing to a negative work environment.

Table 11: ANOVA Test for Employee Engagement Across Leadership Styles

Source of Variation	SS	df	MS	F	p
Between Groups	120.50	2	60.25		
Within Groups	250.00	247	1.01	45.00	< 0.05
Total	370.50	249			

Source: Computed Data

The ANOVA test results indicate a significant difference in employee engagement levels across different leadership styles, with a high F-value of 45.00 (p < 0.05), suggesting that at least one leadership style leads to differing engagement outcomes. The between-group sum of squares (SS = 120.50) and mean square (MS = 60.25) reflect substantial variation in engagement based on leadership style. In contrast, the within-group variance (SS = 250.00) shows that individual differences among respondents account for less variation, reinforcing the impact of leadership styles on employee engagement.

Table 12: ANOVA Test for Job Satisfaction Across Leadership Styles

Source of Variation	SS	df	MS	$\mathbf{F}$	p
Between Groups	95.00	2	47.50	35.00	< 0.05
Within Groups	340.00	247	1.38		
Total	435.00	249			



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Source: Computed Data

The ANOVA test results demonstrate a significant difference in job satisfaction levels across various leadership styles, with an F-value of 35.00 (p < 0.05), indicating that leadership style significantly affects job satisfaction. The betweengroup sum of squares (SS = 95.00) and mean square (MS = 47.50) highlight the considerable variation in job satisfaction attributable to different leadership styles. In contrast, the within-group sum of squares (SS = 340.00) indicates that the variation among individual respondents is relatively smaller, further emphasizing the influence of leadership on job satisfaction.

Table 13: Demographic Moderators of Leadership Style and Job Satisfaction Relationship Demographic Variable Transformational β Transactional β Laissez-faire β Significance (p)

Age	0.40	0.25	0.10	< 0.05
Gender	0.35	0.30	0.15	< 0.05
Experience	0.45	0.20	0.05	< 0.05

Source: Computed Data

The analysis of demographic moderators reveals that age significantly influences the relationship between leadership styles and job satisfaction, with transformational leadership showing the strongest effect ( $\beta=0.40$ ) compared to transactional ( $\beta=0.25$ ) and laissez-faire ( $\beta=0.10$ ) styles, all statistically significant (p<0.05). Gender also plays a role, as both transformational ( $\beta=0.35$ ) and transactional leadership ( $\beta=0.30$ ) have notable positive impacts on job satisfaction, while laissez-faire leadership shows a weaker effect ( $\beta=0.15$ ). Experience appears to be the most influential moderator, with transformational leadership demonstrating a strong relationship ( $\beta=0.45$ ) to job satisfaction, while both transactional ( $\beta=0.20$ ) and laissez-faire ( $\beta=0.05$ ) styles exhibit weaker correlations.

## 7. FINDINGS

- The demographic profile of the 250 participants revealed a predominant age group of 31-40 years with 6-10 years of professional experience. This demographic is essential for evaluating how leadership styles impact employee engagement and job satisfaction, as they often occupy significant roles within organizations.
- Transformational leadership was identified as the most effective style for improving employee engagement and
  job satisfaction. Respondents reported high levels of engagement (mean score: 4.25) and job satisfaction (mean
  score: 4.10) when led by transformational leaders. This leadership style was recognized for creating a
  motivating environment, inspiring innovation, and fostering employee development.
- Transactional leadership also showed a positive association with employee engagement and job satisfaction, though its impact was less significant compared to transformational leadership. The average scores indicated moderate levels of engagement (mean: 3.90) and satisfaction (mean: 3.85), implying that while this style offers structure and rewards, it may not fully motivate employees to reach their highest potential.
- Conversely, laissez-faire leadership correlated with decreased employee engagement and job satisfaction, with mean scores of 2.80 for engagement and 2.95 for satisfaction. Employees under this style reported feelings of neglect and a lack of direction.
- Regression analysis established that transformational leadership is a significant predictor of employee engagement ( $\beta$  = 0.60, p < 0.05) and job satisfaction ( $\beta$  = 0.58, p < 0.05). Laissez-faire leadership, however, demonstrated a weak and non-significant relationship with both outcomes.
- The analysis also indicated that demographic factors, such as age and experience, moderated the relationships between leadership styles and employee outcomes. Younger employees (ages 20-30) exhibited a stronger inclination toward transformational leadership, while older employees (ages 41-50) displayed varied responses.
- The results confirmed a significant positive correlation between transformational leadership and employee engagement, supported by a regression coefficient of B = 0.75 and a t-value of 7.50 (p < 0.05). This suggests that transformational leaders, through their ability to inspire and motivate, markedly enhance engagement levels, fostering a more committed and productive workforce.
- The findings affirmed that transactional leadership positively affects job satisfaction, indicated by a regression coefficient of B = 0.40 and a t-value of 3.08 (p < 0.05). This highlights that while transactional leaders contribute positively to job satisfaction through structured tasks and rewards, their influence is not as robust as that of transformational leaders.



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# 8. SUGGESTIONS

- Organizations should prioritize training initiatives that develop transformational leadership qualities among their managers. Workshops on emotional intelligence, effective communication, and motivational strategies can empower leaders to inspire their teams more effectively.
- Establishing consistent feedback mechanisms, such as 360-degree evaluations, can help leaders assess their impact on employee engagement and satisfaction, allowing them to adapt their styles to better align with employee needs and expectations.
- It is crucial for companies to address the negative impacts of laissez-faire leadership by encouraging active
  engagement from leaders. Implementing regular meetings, goal-setting sessions, and performance reviews can
  ensure employees receive the necessary support to thrive.
- Recognizing the diverse needs of various demographic groups in the workforce is vital. Adapting leadership
  approaches to meet the preferences of younger employees may enhance both engagement and satisfaction. This
  could involve mentorship programs or team-building activities that resonate with their values.
- Conducting periodic evaluations of employee engagement and job satisfaction can help organizations identify trends and proactively address any concerns. This ongoing monitoring allows for timely adjustments in leadership practices and workplace environments.
- Encouraging a culture of open communication where employees feel comfortable sharing their thoughts and feedback on leadership styles can help leaders refine their approaches in real-time, enhancing overall workplace satisfaction.

### 9. CONCLUSION

The examination of leadership styles' influence on employee engagement and job satisfaction within private companies in the Chennai District yields important insights into organizational behaviour. The research highlights transformational leadership as the most effective style, significantly contributing to high levels of both employee engagement and job satisfaction. Respondents indicated that transformational leaders cultivate a motivating atmosphere that encourages creativity and personal growth. In contrast, while transactional leadership correlates positively with engagement and satisfaction, its effects are less significant than those associated with transformational leadership. This suggests that although transactional methods provide necessary structure and incentives, they may not engage employees comprehensively. Laissez-faire leadership, by contrast, is associated with reduced levels of engagement and satisfaction, emphasizing the drawbacks of minimal leadership involvement. The demographic analysis indicates that younger employees particularly resonate with transformational leadership, underscoring the need for organizations to adjust their leadership strategies to accommodate the varied preferences of their workforce. To improve leadership effectiveness, organizations should invest in training that nurtures transformational qualities among managers. Implementing feedback mechanisms will facilitate continual enhancement of leadership practices and foster a culture of open communication. Addressing the limitations of laissez-faire leadership is also crucial for enriching the overall employee experience. These findings underscore the vital role leadership styles play in shaping employee engagement and job satisfaction in private companies in Chennai District. Transformational leadership emerges as a particularly effective style for promoting higher levels of engagement, while transactional leadership contributes valuably to enhancing job satisfaction. Organizations can leverage these insights to inform leadership development and organizational practices aimed at improving employee outcomes in the region. Prioritizing transformational leadership can lead to a significantly more engaged workforce, thereby enhancing organizational performance and cultivating a positive workplace culture. This strategic focus will ultimately contribute to the success and sustainability of private companies in Chennai.

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